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# INTERNATIONAL RELATIONS

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## THE BALTIC SEA REGION AND INCREASING INTERNATIONAL TENSION

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*For many years, the Baltic Sea region stood out for its remarkable stability. The dramatic changes following the end of the Cold War did not have a profound effect on the territory. However, Russia's cooperation with other states in the Baltic Sea region began to lose momentum. This paper discusses the negative effects of the Ukrainian and Syrian crises and the increasing tension between Russia and other countries in the Baltic Sea region. In the short term, these trends are unlikely to reverse. Of the two possible scenarios — suspending relations until a solution to the political and military problems is found or trying to make use of every opportunity in economy, culture, science, education, etc., — the latter is preferable. A breakdown in regional cooperation will weaken Russia's position. However, gaining positive momentum may prove instrumental in overcoming the confrontation between Russia and the West in the future.*

*Key words:* Baltic Sea Region, Russia, European Union, NATO, regional cooperation

For several decades, the Baltic Sea region was a peaceful and stable territory in the dramatically changing world. A certain balance of power existed in the region during the Cold War. On the one hand, the USSR, Warsaw, and East Germany were part the Warsaw Pact and the Council of Mutual Economic Assistance; on the other, the FRG, Denmark, Norway, and Iceland were members of NATO with the FRG and Denmark also being members of the European Economic Community. Denmark and Norway insisted that they would not host foreign troops and military facilities during peacetime. Sweden and Finland were officially neutral. In

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practice, however, Stockholm maintained close links with the US and NATO. After signing the Treaty of Friendship, Cooperation, and Mutual Assistance with the USSR (1948), Finland was largely influenced by the Soviet foreign policy. Its international profile was boosted by the successful Conference on Security and Cooperation in Europe (1975), which was regarded as a symbol of easing tension. The situation in the region remained stable even in the most difficult periods of the Cold War, and the concentration of troops and arms was much lower there than in Central Europe. Serious international crises never shook the region.

In the 1990s—2000s, drastic changes took place in the Baltic Sea area: Estonia, Latvia, and Lithuania regained their independence; united Germany exerted increased interest on European affairs; NATO grew to incorporate Poland (1999), Estonia, Latvia, and Lithuania (2004); six new members from the Baltic region acceded to the European Union (Sweden and Finland in 1995, Poland, Lithuania, Latvia, and Estonia in 2004), while Russia became the only non-EU state. All countries of the region have acceded to the Council of Europe declaring their commitment to common values. They also aspired to support the efforts of the OSCE, which resulted in the 1992 Helsinki Summit Meeting of the Conference on Security and Cooperation in Europe. The establishment of the Council of the Baltic Sea States (1992) and the development of Russia — EU (Partnership and Cooperation Agreement signed on Corfu in 1994) and Russia — NATO relations (the Founding Act of 1997, the 2002 Rome Declaration, etc.) signified positive contributions to the stabilisation of situation in the region. Military activity in the region was insignificant. The Treaty on Conventional Armed Forces in Europe (1990, adapted in 1999) did play a positive role in that period, so the emergence of a border shared by a group of EU and NATO members and Russia did not change the matters much. The 2008 financial and economic crisis had a less significant effect on the Baltic Sea region than it had on Southern Europe and the Mediterranean. At some point, however, cooperation between Russia and the other Baltic Sea states started to lose its momentum. The EU member states were dealing with regional problems without Russian participation. The Framework Document and the Political Declaration for the Northern Dimension (2006) signed by Russia, the EU, Norway, and Iceland were both welcomed by the Russian leadership [1], yet the programmes' practical effect was insignificant. In 2007, Russia suspended its involvement in the Treaty on Conventional Armed Forces in Europe [2], a decision affected by the stalled ratification by the countries of the West and discontent in the 'flank zone limits', which applied to Russia's armed forces in the North-West but not to NATO's members Estonia, Latvia, and Lithuania. There were a number of other symptoms indicating that the situation was not changing for the better.

Vladimir Putin's re-election in 2012 opened a new chapter of the Russian foreign policy. The country's leadership set a course towards turning Russia into one of the centres of a multipolar world, on par with the US. The Eurasian Economic Community and the BRICS grouping were to play an important role. Russian leadership still strongly believes that these institu-

tions can come to the fore, putting the 'historical West', with its influence dwindling, on the sidelines. [3] This led to a confrontation between Russia and the West, which, in our opinion, is a clash of institutions rather than civilisations resulting in the acute conflicts in Ukraine and Syria.

This article is to analyse international relations in the Baltics Sea region in the confrontation between Russia and the West, the effect of Ukraine and Syria events on this region, and short-term prospects for the region.

### **1. The effect of Ukraine and Syria crises on the situation in the Baltic Sea region**

The Ukraine crisis, resulting from tensions between Russia and the West, was a strong catalyst of negative trends in international relations in general and those in Europe in particular. Its major cause was the rivalry between the European Union and the Eurasian Economic Community and Ukraine's choice between the European and Eurasian integration projects.

The Baltic Sea region was involved in the resulting confrontation between Russia and the West. The effect of the Ukraine crisis on the region was diverse.

First, the reactions of Russia and the other Baltic Sea states to the Ukraine events were completely opposite. Moreover, they supported different sides of the conflict. Russian leadership interpreted the overthrow of President Yanukovich as an anti-constitutional coup and they still hold to this position. [4] Russian ambassador to Kyiv left the city and returned only after the presidential election to attend the inauguration of President Poroshenko. Other Baltic Sea states acknowledged the change of power in Ukraine as legitimate and continued diplomatic 'business as usual'. Following the referendum of March 16, 2014, Russia made a decision to incorporate Crimea and Sebastopol. [5] Other Baltic Sea states saw it as a violation of international law and supported the UN General Assembly resolution on the territorial integrity of Ukraine, which emphasised the invalidity of the referendum. [6] The Russian leadership interpreted the Donbass events as an internal conflict, whereas other Baltic Sea states accused Russia of intervention. 'Normandy talks' and the Minsk deal were given a positive assessment in Russia. However, the EU and NATO members from the Baltic Sea region delegated the responsibility for implementing the deal to Russia. It can be thus concluded that Russia and the other states share no common ground on the Ukraine crisis.

This crisis lead to a serious deterioration in the relations between Russia and the other Baltic Sea states. The most negative assessment of Russian actions was given by Lithuania, Latvia, and Estonia, who compared the situation with that of the summer of 1940. They were anxious that, in the areas with a large population of ethnic Russians, the events might follow the Crimea and Donbass scenario. Of course, part of the Baltic Russian minority (especially, non-citizens) agrees with the sentiments of the 'Russian spring', but by and large such parallels seemed to be unfounded. In the spring of 2014, the Ukrainian state was going through a deep internal crisis, with some of its government completely paralysed. This was not the case in Estonia,

Latvia, or Lithuania. For many residents of Crimea and the Donbass, Russia was attractive not only for linguistic, cultural, and historical considerations but also because of her higher standards of living. The quality of life of the Russian minority in the Baltics is much higher than that in the Russian North-West. Moreover, most of young ethnic Russians opt for a career in the EU. The degree of nostalgia for the Soviet times also differs. The Donbass and Crimea used to be privileged territories of the USSR. Donbass miners were usually among chairs at Party congresses and other political events. They had a right to speak on behalf of the whole country's working class. Donbass miners were constantly glorified by official propaganda as the vanguard of the Soviet workers (the Stakhanovite movement, etc.). Crimea held a less distinguished but still an important position of the 'all-Union wellness resort' — it was a popular retreat for Secretaries General of the Central Committee of CPSU, for instance, Leonid Brezhnev and Mikhail Gorbachev, and many other top officials. Russians living in the Baltic republics never had such attention. There were a number of other differences, which made the repetition of the Ukraine events in the Baltics highly unlikely.

Anxiety increased with the increasing number of articles and statements made by Russian politicians and journalists holding no official positions in the government. In April 2015, R. Ishchenko, a former Ukrainian official and journalist working at the time in Russian mass media, called for Russia to deliver the first strike against the Baltics. "A preventive strike to eliminate the Baltic foothold, Ishchenko wrote, can be necessary from the military point of view not because someone is expecting an assault from that direction, but to reduce the length of front-line (be it a virtual one), secure a land corridor to the blocked Kaliningrad grouping and liberate the troops that can be engaged on other, more important territories". He also predicted the results of such actions: "Given technical preservation of status quo, in effect, the Baltics will be ruled by pro-Russian forces, the Baltics foreign policy will be formulated in Smolenskaya square, and Russian position in negotiations with the West will be strengthened". [7] Then there were speeches given by the leader of the Liberal Democratic Party of Russia, Vladimir Zhirinovskiy, who demanded that, after Crimea, Russia has to reclaim all territories that were part of the Russian Empire in 1917 or, at least, those that were part of the country as of January 1, 1991. He also declared the independence of Poland and Finland illegitimate. [8]

Certain groups in the West, including the Baltics, have also contributed to the growing tension in the region. Western mass media often published materials about the impending Russian invasion emphasising that it would not draw any serious reaction from either NATO or the EU. Some Baltic politicians would hint at the possibility of imposing a blockade on Kaliningrad under certain circumstances [9], and so on. In effect, these were attempts to provoke Russia into another conflict, which would push the country into a more difficult position and result in a confrontation with the West at a qualitatively higher level. These information attacks continue today even after Western officials have statements stressing that there is not military threat to the Baltics coming from Russia.

A strident position on Russian politics in Ukraine was adopted by Poland and Sweden — the initiators of the Eastern Dimension policy suggesting a closer cooperation between Ukraine, Moldova, Belarus, Georgia, Azerbaijan, and Armenia, on the one hand, and the European Union on the other.

As the European Union cancelled regular Russia-EU summits and NATO suspended cooperation within the Russia-NATO Council, the number of contacts between Russia and the other countries of the Baltic Sea region dramatically reduced. Summits of the Council of the Baltic Sea States and annual Russian-German inter-governmental consultations were cancelled; visits of top officials were discontinued (the only exception was Finnish President S. Niinistö).

International organisations of the Baltic Sea States also strongly disapproved of Russian policy: they supported resolutions criticising and even condemning Russia in the UN General Assembly, Parliamentary Assemblies of the Council of Europe, OSCE, NATO, the European Parliament, etc. The governing bodies of the EU also fully supported sanctions and restrictions against Russia; sometimes their position was rather harsh.

Thus, the political rift between Russia and the other Baltic Sea states, which had been shaping over the previous years, finally became real.

More pronounced changes took place in the military field. Following NATO and EU resolutions, the Baltic Sea States severed all military contacts with Russia. Some of them (primarily, Lithuania, Latvia, Estonia, and Poland) declared Russia a threat to security and asked the US and NATO for assistance. President Obama confirmed the US obligations [10], his visits to Estonia and Poland in September 2014 being, to a large extent, a declaration. Meanwhile, the Baltics, Poland, and some other countries pushed for more, i.e. permanent deployment of NATO military facilities and forces. The NATO leadership opted for a more moderate solution, choosing to increase the number of troops and armaments arriving for manoeuvres and other military activities. [11] In 2014–2015, Russia also aspired to strengthen its military capabilities, in particular, in the country's North-West. When reporting on the performance of armed forces in 2015, the Russian Defence Minister Sergei Shoigu stressed that special attention was paid to Kaliningrad. [12]

Naval and air forces increased their activities in the border areas and waters of the Baltic Sea. This raised concerns due to the severance of contacts between Russia and NATO, which dramatically increased the threat of air incidents, a worry shared by the top military officers of the US. Retired Brigadier General Kevin Ryan, former Chief of Staff for the US Army Space and Missile Defence Command stated, “the risk of an accident along the Baltic border has become significant... having so many aircraft, warships, and troops in the region will eventually lead to an accident”. [13, p. 5] While not in the Baltic Sea region, the incident of autumn 2015, when Turkey shot down a Russian military aircraft clearly showed the danger of such situations and the seriousness of their repercussions.

In general, one can state that NATO has adopted a policy of ‘soft’ containment policy towards Russia, and the situation in the military field has changed for the worse. Many positive achievements of the past have been lost and new concerns contributing to the restoration of the Cold War era have emerged.

Another important result of the confrontation is the growing rift in values fostered by Russia and most of the Baltic Sea region states. In the 1990s, Russia and the other Baltic Sea states assumed that they shared common values outlined in the documents of the Council of Europe, 1994 Partnership and Cooperation Agreement, etc. Now propaganda campaigns declare the opposite. In our opinion, it is an exaggeration. As well as the other Baltic Sea region states, Russia recognises a right to private property and market economy (both ideas were completely rejected in the USSR), yet the civilizational differences between the countries have grown.

The major line of confrontation between Russia and the West — in particular, in the Baltic Sea region, — remains economic. Certain problems were observed in the Russian economy as early as 2013 — before the Ukraine crisis. They were largely caused by the internal problems of Russia's socioeconomic development. In 2014—2015, the problems worsened under the influence of external factors — plummeting oil prices and the imposition of restrictive measures against Russia by the US, EU, and some other states in 2014. As a result, Russian economy is facing a crisis described by a number of businesspeople and economists as structural. [14] Manifestations of the crisis are a decline in production, a plunge in the national currency value, an increase in unemployment rates, and a decrease in standards of living for a significant portion of the population. EU sanctions and restrictions against Russia were supported by all the Baltic Sea states, including non-EU members Iceland and Norway. The only exception is the non-EU Danish territories (the Faroe Islands and Greenland). The Russian leadership responded with countersanctions imposed on food imports. [15]

At this stage, it is difficult to detect which negative effects on the trade and economic ties between Russia and the Baltic Sea states are related to the sanctions and countersanctions and which — to the other factors. However, bilateral trade between Russia and the other Baltic Sea regions dramatically reduced. The Baltics and Poland — the countries most affected by the Russian ban on food imports — sought new markets for their produce. The attempts to find new channels of energy supply became more active. Norway was affected by the ban on fish and fish product trade with Russia. The falling rouble to euro exchange rate and bans on vacations abroad for members of armed forces, police officers, and some other categories delivered a major blow to the tourism industry, while the decrease in the number of Russian tourists going to Finland was especially pronounced. Russian cross-border cooperation with the neighbouring states, however, was not significantly affected.

Forced to recognise the negative effect of the decline in economy and trade between Russia and the other Baltic Sea states, one cannot but note that the situation does not differ very much from that with Russia's other economic partners and, therefore, is not extraordinary.

Cultural, academic, and research connections remained almost intact, which is definitely a positive development, although financial problems relating to the falling rouble had a certain effect and some Russian artists and scholars, who expressed active support for Russia's policy in Ukraine, were not given visas by the Baltic authorities (which, among other unpleasant consequences, was the reason behind a popular Russian music festival leaving its traditional venue in Jūrmala, Latvia).

Despite the significant distance between the Baltic Sea and the Middles East, the Syrian crisis and Russian involvement in it also had a certain effect on the region, albeit much weaker than that of the Ukraine events. The first problem faced by the EU member states was the influx of refugees from Syria and a number of other countries plagued by longstanding internal conflicts. Southern Europe could not contain the crisis, and the number of illegal migrants sharply increased in all European states. A common EU policy on refugees was long overdue, but its development was stalled by disagreements between the member states. The Baltic Sea states failed to formulate a unanimous position on the issue, too. German government supported the idea of accepting a significant number of immigrants; this produced a moderate reaction from Poland, Lithuania, Latvia, and Estonia. It was the first case when the Baltics voiced an opinion different from that dominant in European institutions. Sweden, facing a wave of incoming migration, had to re-establish controls on the border with Denmark, and Denmark, in its turn, introduced similar measures on its border with Germany. The influx of migrants caused several concerns: the need for additional spending, the danger of growing disagreements and conflicts of socioeconomic, national, and religious nature, and the increasing threat of terrorist attacks. After the tragic events that took place in Paris in 2015, this aspect was taken with extreme seriousness in the relatively peaceful Baltic Sea region. Even greater disagreements were caused by the prospects of cooperating with Russia to fight terrorism. The three Baltic States declared that it was completely out of the question [16], the Scandinavian countries, Finland, and Poland were also fairly sceptical about interactions with Russia, but weren't so categorical in their statements. The dominant opinion in the Baltic Sea states is Russia is using Syria and Ukraine for its own purposes (keeping Assad in power and strengthening its position in the Ukrainian negotiations, respectively) and has no real intention of combating terrorism. All NATO member states, including the Baltic Sea countries, supported Turkey in its confrontation with Russia. [17]

The Ukraine and Syria crises caused a rift between Russia and the other Baltic Sea states. In effect, regional cooperation with Russia was suspended in most areas.

## **2. Short-term prospects for international relations in the Baltic Sea region and Russian policy**

The development of international relations in the Baltic Sea region will largely depend on general trends in the relations between Russia and the West. At best, the situation will improve in the mid-term perspective. Therefore, only isolated steps and measures easing but not radically changing the situation seem to be possible.

In short-term, several different and at times opposing trends will be observed in the Baltic Sea region. First of all, the role of the US and NATO will increase. The US will pay growing attention to the Baltic Sea region, in particular, the countries bordering on Russia. This will hold true for all fields — economy, politics, military affairs, etc. At the 2015 NATO summit in War-



saw, significant attention will be undoubtedly paid to NATO presence in Central and Eastern Europe and the Baltics. It is worth stressing that the current Polish leadership gravitates towards the US and NATO rather than the EU. Poland's new Minister of National Defence A. Macierewicz raised the issues of permanent deployment of NATO troops in the country. [18] Poland and Lithuania will develop both bilateral and multilateral military cooperation with Ukraine. The question of acceding to NATO will be constantly raised in Finland and Sweden. The organisational and technical details of their accession can be settled rather rapidly. However, unless the Ukraine situation sharply deteriorates or a new hotspot of tension emerges in Europe, Sweden and Finland will not accede to NATO. Prime Ministers of Sweden S. Löfven and Finland J. Sipilä voice these ideas in their recent article. Both politicians stress that Finland and Sweden are outside military alliances, but this position does not suggest isolationism. Both countries will develop military cooperation with each other and interact with international organisations maintaining close partnership with NATO and a high level of transatlantic relations. [19]

The following years will be a difficult period for the European Union. It seems it will go through deep internal transformations. Reaching a consensus by all member states will not be an easy task. The UK will most likely remain in the EU. However, Brexit will raise serious concerns among the European political and business elites. The Baltic Sea states also have different views on the future of the EU. Sweden, Denmark, and (in the short-term perspective) Poland do not plan to replace their national currencies with the euro. The countries of the EU and especially the Baltic Sea region will adjust their energy policy in line with the EU objectives to diversify energy supply and reduce monopolism in the European energy market (the Third Energy Package). The EU opportunities are increasing in this respect. Falling oil prices are a favourable factor for the EU member states in the Baltic Sea region. Moreover, they will also benefit from the aspiration of Saudi Arabia to enter the European market, where the country did not have a strong presence earlier. Russia's Minister of Energy A. Novak was right to note that it will result in a steep increase in competition. [20] It is very likely that Iran, after the sanctions against the country will have been lifted in January 2016, will also export oil to Europe, which will result in a more dramatic reduction in oil prices. The situation in the gas market is more complicated. Germany has approved the construction of Nord Stream-2. This can make the country not only the largest purchaser of Russian gas but also a hub for most European countries. Due to different reasons, this prospect is not welcomed by Italy and some other states, including the Baltics. The latter believe that Germany's decision does not take into account their interests and contradicts the spirit of anti-Russian sanctions. The discussion of Nord Stream-2 is increasingly fuelled by political rather than economic considerations. The Baltics announce plans to end their dependence on Russian gas. While they put their hopes into liquefied natural gas supplies, it is unlikely that the Baltics will fully implement this plan. Some technical issues remain unresolved and the price for LNG is rather high. However, this gives the Baltic Sea states purchasing Russian gas an opportunity to demand better deals. Just like in the

oil market, competition is increasing. In the mid-term perspective, the Baltic Sea region will strive to create a pipeline and communications system without Russian participation. Nevertheless, the prospects of securing EU funds required for such ambitious project are rather limited.

A lot will depend on whether President Obama pushes the founding document of the Transatlantic Trade and Investment Partnership through. There is little information on the relevant negotiations. However, the establishment of the TTIP can cause a deeper rift between the EU member states in the Baltic Sea region and the Russian North-West.

In the near future, one can expect China to be increasingly active in the Baltic Sea region. Despite serious economic problems, China is unlikely to abandon the new Silk Road project. In one of the versions, it runs through Poland and Lithuania. The Chinese are also looking for partnerships with the other Baltic Sea region states. China pays special attention to modern infrastructure and logistics. Recently, Beijing has been increasingly interested in developing multilateral cooperation with former socialist states of Central and Eastern Europe in the 16+1 format. In November 2015, the 6<sup>th</sup> China CEE summit took place in Suzhou. The summit culminated in the publication of the mid-term plan for cooperation between China and CEE countries and the Suzhou Guidelines for Cooperation between China and Central and Eastern European countries. All summit participants supported the Chinese proposals. Central and Eastern European countries affirmed commitment to positive bilateral partnership for harmonising development strategies with China, developing new cooperation models, and expanding mutually beneficial cooperation in politics, economy, and humanitarian initiatives. [21] The next summit will take place in 2016 in Latvia.

At the same time, China also strives to develop bilateral contacts with the Baltic Sea states. Beijing is very pragmatic and committed to promoting its own interests. For instance, the Chinese leadership often meets with top officials of Estonia, Latvia, and Lithuania — the countries that have rather strained relations with Russia. The 2015 China-Latvia summit resulted in an agreement on air service between Riga and Chengdu to increase the number of tourists. Opportunities for launching joint transport projects were discussed. [22] China's share in the total trade of the Baltic Sea states is not high today, but it is expected to grow in the near future. One cannot exclude that, one day, Chinese cargo traffic will replace that from Russia in some Baltic ports. A proof of the seriousness of China's intentions is that the Beijing Foreign Studies University trains specialists with a command of languages of all Baltic Sea states. [23]

Therefore, during the next few years we will see an increase in the number of actors in the Baltic Sea region, whereas the factors affecting the development of international relations in the region will become more diversified. Of course, this will have a certain effect on Russian policy in the region.

In the same period, Russian foreign policy in the region will need to focus on preventing the weakening of its position and creating prerequisites for its strengthening in the short-term perspective.

First of all, Russia has to do everything possible to prevent a conflict in the Baltic Sea region. Russia is now *de facto* involved in several conflicts,

including one in the vicinity of its southern borders. Another conflict would adversely affect Russian international position, as well as the political and socioeconomic situation in the country. There are no internal reasons for an international crisis in the Baltic Sea region. Despite the increasing tension, the situation remains stable. However, international relations in the region can be destabilised by conflicts raging far beyond its borders.

Russian relations with NATO and the EU are likely to remain at the current or slightly higher level in the short-term perspective. One should not expect a resumption of a large-scale dialogue with the Baltic Sea region states either in the format of the Council of the Baltic Sea States or on a bilateral basis at the level of heads of state. Individual meetings on urgent issues are likely to take place. Most probably, EU sanctions and restrictive measures will not be lifted, yet they can be reduced if a complete ceasefire holds in Donbass. However, even in the most favourable situation — if the Minsk deal holds and sectoral sanctions are lifted — the restoration of economic ties will take some time. A turn to cooperation will be neither simple nor easy.

It thus seems logical to adjust Russian westward policy in its part concerning the Baltic affairs. Due to the increasing presence in the US, it would be useful to discuss the problems of regional security at Russia-US negotiations as a separate item on the agenda. Russia-US negotiations can play an important role in the deployment of US missile defence elements in the region, which draws sharp criticism from Russia. As to the dialogue with the EU, it will be reasonable to be very cautious. The EU is facing a period of transformations accompanied by internal disagreements. One can still claim with a high degree of certainty that this will not result in the Union's disintegration. Nevertheless, most members of the European political and business elite will be very sensitive to any external attempts — regardless of their origin — to take advantage of these disagreements. Since the migrant problem will be one of the central for European states, it would be logical if Russia provided certain support (for instance, stopping the transit of migrants across the Russian border, etc.).

Significant tension between Russia and the other Baltic Sea states brings back the dilemma of whether Russia has to improve relations in politics and the military field or focus on progress in economy, environmental protection, education, science, and culture and only later turn to military and political problems. It seems that, in the current conditions, it will be more advisable to opt for the latter in the Baltic Sea region. Another important factor is the Transatlantic Trade and Investment Partnership. Unlike the Trans-Pacific Partnership, whose economic ties with Russia are rather insignificant, the TTIP will include the EU — Russia's largest trade partner. Therefore, refusal to improve relations with these countries will have an adverse effect on Russian economy. By all estimates, economic growth rates in all the EU member states of the Baltic Sea region will be much higher than in Russia. The existing disproportion in the levels of socioeconomic development will increase. The Baltic Sea region and Russian North-West (especially Saint Petersburg as the largest regional city and Kaliningrad due to its geographical position) could play a positive role in maintaining and, later, developing cooperation across the Baltic Sea region.

In the energy market of the Baltic Sea region, Russia will have to face increasing competition. Most probably, none of the region's states will be able to give up Russia's energy. However, the emergence of Saudi and, possibly, Iranian oil cannot but result in a reduction in prices, which will have a painful effect on the Russian budget. Moreover, repercussions of sanctions and restrictive measures imposed by the West against the Russian oil industry may become more pronounced. Competition will also grow in the gas industry. In these conditions, problems of developing trade and economic partnerships in areas that are not affected by restrictive measures, sanctions, and countersanctions are of increasing importance. Small and medium enterprises can play a significant role in rectifying the situation. [24] Since they are very sensitive to the economic instability in Russia and the dangers of deteriorating international situation, they can only do so with considerable support from the Government of the Russian Federation and the European Commission. However, one should not underestimate the existing positive experience in environmental protection.

Maintaining and developing ties in the humanitarian sector could also have a positive effect. In particular, developing cooperation and contacts between universities, schools, and cultural institutions could also contribute to the improvement of the general situation.

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Despite the 'turn to the East' that took place during the confrontation with the West, the Euro-Atlantic line of Russian foreign policy will remain a priority. In view of crises and spots of tension on the southern flank (conflicts with Ukraine and Turkey, threat of terrorism associated with the Islamic State, which is officially banned in Russia), stability in the Baltic Sea region will serve both short- and long-term interests of Russia. An active foreign policy aimed at using any cooperation opportunities and securing progress wherever possible would contribute to maintaining the country's current position in the short-term perspective and strengthening it in the framework of multilateral and bilateral cooperation with the Baltic Sea states in mid-term. Such cooperation can become one of the factors contributing to the improvement of relations between Russia and the West in the mid-term perspective.

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